

Department of Social and Health Services Mental Health

(Dollars in Thousands)

	NGF-S	Other	Total
2007-09 Expenditure Authority	925,855	620,926	1,546,781
2009 Supplemental *	-23,467	37,820	14,353
Total 2007-09 Biennium	902,388	658,746	1,561,134
2009-11 Maintenance Level	952,678	642,343	1,595,021
Policy Changes - Non-Comp			
1. Behavior Intervention Staffing	-508	0	-508
2. CIAP Caseload Growth	336	0	336
3. Upgrade PYXIS System	1,010	406	1,416
4. Reduce Children's EBPs	-1,868	-942	-2,810
5. Cost Shift to Block Grant	-1,100	0	-1,100
6. Federal Stimulus Package - FMAP Inc	-77,470	77,470	0
7. Stimulus DSH Increase	-1,495	1,495	0
8. Eliminate Telesage Contract	-600	0	-600
9. Reduce TA & Surveys	-150	0	-150
10. Innovative Services Grants	-3,051	0	-3,051
11. Reduce Fuel, Travel, and Equipment	-670	0	-670
12. Reduce Staffing	-4,285	-502	-4,787
13. Long-Term Outcomes Study	-297	-50	-347
14. Reduce Non-Medicaid Funding	-23,212	0	-23,212
15. Reduce Medicaid Rates	-9,897	-14,639	-24,536
16. SHB 1300 Accessing MH Information	155	34	189
17. Return to Work Program	-1,672	0	-1,672
18. Eliminate MIO Project	-902	0	-902
Policy -- Non-Comp Total	-125,676	63,272	-62,404
Policy Changes - Comp			
19. Employee Health Insurance	2,411	364	2,775
20. Actuarial Method Changes-State	-8,512	-1,289	-9,801
Policy -- Comp Total	-6,101	-925	-7,026
Total 2009-11 Biennium	820,901	704,690	1,525,591
Fiscal Year 2010 Total	393,298	361,125	754,423
Fiscal Year 2011 Total	427,603	343,565	771,168

Comments:

1. **Behavior Intervention Staffing** - Funding is reduced for 3.0 FTEs that were added in the 2007-09 biennial budget for the purpose of providing training and coordination on behavior intervention techniques and for investigating concerns related to staff responses to patient behavior at the state psychiatric hospitals.
2. **CIAP Caseload Growth** - The Community Integration Assistance Program (CIAP) provides community mental health treatment and support for mentally ill offenders following their release from the Department of Corrections. Funds are provided to serve an average of 20 additional persons in the program in 2009-11, a 9 percent increase over current levels.
3. **Upgrade PYXIS System** - PYXIS is the centralized, automated system used to dispense and track medications to individual patients on the 42 wards at the state psychiatric hospitals. Software for the current system is no longer supported by the vendor, and replacement dispensing stations can no longer be purchased. Funding is provided to lease the new version of the system in order to maintain accurate medication dispensing, billing, and patient records. (General Fund-State, General Fund-Private/Local)
4. **Reduce Children's EBPs** - Funding for children's mental health evidence-based practices (EBP) is reduced to more accurately reflect the actual amounts spent and the number of children being served. These programs currently serve 148 high-needs children per year. The reduction allows services to continue to the same number of children being served by these programs in FY 2009.

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5. **Cost Shift to Block Grant** - Federal funds will be used to cover core program expenditures, rather than for discretionary and demonstration projects.
6. **Federal Stimulus Package - FMAP Inc** - Under the recently-enacted American Recovery and Reinvestment Act of 2009 (the federal stimulus act), the Federal Medical Assistance Percentage (FMAP) at which the federal government matches state Medicaid expenditures will temporarily increase to 63 percent in FY 2010 and to 56.5 percent in FY 2011, resulting in reduced state expenditures. (General Fund-State, General Fund-Federal)
7. **Stimulus DSH Increase** - The American Recovery and Reinvestment Act of 2009 (the federal stimulus act) provides for a temporary increase in disproportionate share hospital (DSH) payments. These will reduce state fund expenditures at the state psychiatric hospitals. (General Fund-State, General Fund-Federal)
8. **Eliminate Telesage Contract** - Funding is eliminated for a system that tracks changes in recipients' perception of symptoms, functioning, and quality of life. The information is self reported upon entry to services and updated at regular intervals during treatment to measure perceived progress toward goals and outcomes.
9. **Reduce TA & Surveys** - The state psychiatric hospitals will find efficiencies elsewhere in their operations in order to purchase staff consultation, technical assistance (TA), and consumer satisfaction surveys that are required for state hospital accreditation. These activities were previously funded with federal block grants. The block grant funding will instead be used for other operating needs.
10. **Innovative Services Grants** - Funding grants to promote innovations in service delivery are suspended for the 2009-11 biennium. During the 2007-09 biennium, the funds were provided on a time-limited basis for seven projects. Four of those projects are among the 22 consumer-run "clubhouses" that provide work-ordered days and other support services for persons recovering from mental illness; two provide consumer-focused services to minority populations; and one supports integration of mental health and primary care services.
11. **Reduce Fuel, Travel, and Equipment** - Funding is reduced for fuel, travel, and equipment purchases in the state psychiatric hospitals.
12. **Reduce Staffing** - Staffing in the state psychiatric hospitals is reduced by a cumulative total of 41.5 FTE staff, or approximately 1.4 percent, from the previously budgeted level. Staffing in Department headquarters is reduced by 5 FTEs, or approximately 6 percent.
13. **Long-Term Outcomes Study** - For the 2009-11 biennium, funding is suspended for a statutory project under which the Washington State Institute for Public Policy has been tracking long-term use of mental health, criminal justice, medical, and other services by a cohort of users of community mental health services. The Institute is encouraged to continue this effort during the 2009-11 biennium with foundation or other funds, to the extent possible.
14. **Reduce Non-Medicaid Funding** - The "state-only" funding provided to Regional Support Networks (RSN) for services and individuals not eligible for the federal Medicaid program is reduced by a total of approximately 9 percent. The reduction is to be distributed among RSNs proportional to total state population.
15. **Reduce Medicaid Rates** - The managed care rates paid to local RSNs for delivery of community mental health services under the state and federal Medicaid program are reduced by 3.5 percent below the higher rates that would otherwise be paid in 2009-11. The Department is directed to devise rate adjustment methods that will insure the reduction is distributed uniformly and equitably across all RSNs statewide. Such actions may include, but are not limited to, adjusting care access standards; improved utilization management of ongoing, recurring, and high-cost services; and increased uniformity in provider payment rates. The Department is directed to report to the relevant legislative fiscal and policy committees at least 30 days prior to implementing its recommended adjustments. (General Fund-State, General Fund-Federal)
16. **SHB 1300 Accessing MH Information** - Funding is provided for Chapter 320, Laws of 2009 (SHB 1300), which expands the scope of mental health (MH) information that may be accessed by jail personnel, sentencing boards, attorneys, and others and the purposes for which this information can be requested.
17. **Return to Work Program** - Funding is reduced by 17 FTEs that were added in the 2007-09 biennial budget for the return to work program at Western State Hospital (WSH). This program allows persons who are injured on the job to return to light duty while they are recovering. This program was expected to offset costs to workers compensation premiums within three years of implementation. The first year of the program would not have been included in WSH claim costs until calendar year 2010. Savings would not likely have been known until three full years of claims data are available, which would have been in calendar year 2012.
18. **Eliminate MIO Project** - Funding is eliminated for a pilot project in King County, which, since 1998, has received additional funding to provide intensive services for mentally ill offenders (MIO) following their release from jail or prison. The project served as the pilot for the larger Community Integration Assistance Program, funded above, which has served a more challenging clientele on a statewide basis since 2001.
19. **Employee Health Insurance** - Funding for employee health benefits is increased by 3 percent each year, to \$745 per employee per month in FY 2010 and \$768 in FY 2011. Subject to statutory limitations and the requirements of any applicable

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collective bargaining agreements, the Public Employees' Benefits Board (PEBB) may make adjustments to employee premium contributions, point of service payments, or plan design in order to provide benefits within available funding. (General Fund-State, various other funds)

20. **Actuarial Method Changes-State** - Funding for employer contributions to state retirement systems is reduced to reflect changes to actuarial assumptions and methods used for many of the Washington State retirement systems. More detailed information about this item is provided in Agency 713 - State Employee Compensation Adjustments. (various funds)

* Please see the 2009 Supplemental Operating Budget Section for additional information.

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A total of \$1.525 billion (\$821 million state) is provided for operation of the public mental health system during the 2009-11 biennium. This is \$69 million (4 percent) less than the estimated amount needed to maintain the current level of mental health services and activities. Major reductions include:

- Funding for the community mental health services delivered through Regional Support Networks (RSNs) is reduced by a total of \$57.7 million, or about 5 percent. Of this total, the “state only” funding for people and services not eligible for the federal Medicaid program is reduced by a total of \$23.2 million, or about 9 percent. Additionally, the Department is to identify and implement efficiencies and benefit changes that will reduce expenditures on community Medicaid mental health services by a total of \$24.5 million, or about 3.5 percent.
- Staffing in the state psychiatric hospitals is reduced by approximately 40 FTEs (1.4 percent), by partially rescinding various enhancements authorized in the 2007-09 biennium. Additionally, in culmination of a three-year community investment strategy initiated in 2006, the number of civil commitment beds at Eastern and Western State Hospitals is to have been reduced by 120 (13 percent) during the year ending September 2009, for a state savings of \$29.0 million in the 2009-11 budget base.
- State funding that has been used to demonstrate and test new approaches to mental health service delivery is discontinued, for a savings of \$4.0 million. During the 2007-09 biennium, such funding supported eight different projects. These included grants for 4 of the 22 consumer-run “clubhouses” that provide work-ordered days and other support services for persons recovering from mental illness; two projects that provided consumer-focused services to minority populations; one project that supported integration of mental health and primary care services; and one program that, since 1998, has provided intensive services for mentally ill offenders following their release from jail or prison.
- Funding for six children’s “evidence-based practice” pilot projects is reduced to more accurately reflect actual service levels, for a savings of \$1.9 million. These programs currently serve 148 high intensity children (unduplicated) per year. The reduction allows services to continue to the same number of children served by these programs in fiscal year 2009.

Aging and Disabilities Services (Long-Term Care and Developmental Disabilities)

The Aging and Disability Services Administration administers the Long-Term Care (LTC) and Division of Developmental Disabilities (DDD) programs. These two programs combined account for approximately \$2.1 billion in General Fund-State expenditures for the 2009-11 biennium.

The DDD and LTC programs share administration, operate several similar programs, and often utilize the same set of vendors. As a result, numerous budget items impact both programs. These “shared” budget items are described below. Budget items unique to each program are described separately.

Increased costs for health insurance benefits for individual and agency providers are funded, assuming 3 percent per year inflation. This increases the maximum state contribution from \$585 per member per month (pmpm) to \$602 pmpm in fiscal year 2010 and \$620 pmpm in fiscal year 2011. The total value of the additional funding for inflation increases is \$4.4 million General Fund-State (\$10.4 million all funds).

Initiative 1029 required additional long-term care worker background checks, training, and certification requirements. Chapter 580, Laws of 2009 (ESSB 6180), delays several components of the initiative and Chapter 478, Laws of 2009 (HB 2359), delays peer mentorship providing a cost avoidance in the 2009-11 biennium of \$16.2 million General Fund-State (\$29.8 million all funds). A net enhancement remains in the 2009-11 biennium of \$5.2 million General Fund-State (\$11.0 million all funds) for the following: